

# Charter Schools

A Look at Local and State Revenue

# Public Acts, 2009

## Public Chapter No. 555

- SECTION 8. Tennessee Code Annotated, Section 49-13-112, is amended.....
- (b) The Department of Education shall promulgate rules and regulations that provide for the determination of the allocation of state and local funds as provided in subsection (a). The department shall promulgate such rules and regulations effective for the 2010-2011 school years. Notwithstanding the provisions of § 4-5-209, any rules promulgated hereunder may be promulgated as public necessity rules. At a minimum, such rules shall provide that:
  - (1) Allocations shall be based on one hundred percent (100%) of state and local funds received by the LEA, including current funds allocated for capital outlay purposes (excluding the proceeds of debt obligations and associated debt service);
  - (2) Student enrollments used in allocations shall be for the same period used in allocating state funds to the LEA under the basic education program.

Local Revenues (From LEA's MOE Test)		
40110	Current Property Tax	\$ 24,708,547
40120	Trustee's Collections - Prior Year	\$ 529,600
40130	Circuit Clerk/Clerk & Master Collections - Prior Years	\$ 290,605
40140	Interest and Penalty	\$ 216,460
40150	Pickup Taxes	\$ 112,000
40210	Local Option Sales Tax	\$ 12,601,725
40320	Bank Excise Tax	\$ 55,250
40350	Interstate Telecommunications Tax	\$ 8,610
41110	Marriage Licenses	\$ 6,200
44110	Investment Income	\$ 200
46851	State Revenue Sharing - T.V.A.	\$ 1,403,000
Total Local		\$ 39,932,197
BEP Revenue (Reduced by Grand Total Capital Outlay page 5 How to Sheets)		\$ 15,000,000
Total State and Local (If charter school provides transportation or other services funded in BEP)		\$ 54,932,197
Prior Year ADM (or estimate if new charter or new grades) OF LEA		10,000
State and Local Per Pupil		\$ 5,493

Begin year with Budgeted and reconcile to actual by the end of the year.

Begin with July Final figures and reconcile for Insurance adjustment and ADM growth in February and final ADM growth in June.

Use Periods 2, 3, 6, & 7. Weighted 12.5%, 17.5%, 35%, & 35%. Plus new charter grades.

Charter School does not provide transportation or other services funded in BEP		
Total State and Local (If charter school provides transportation or other services funded in BEP)		\$ 54,932,197
Less: Transportation (72710) expenditure or other services		\$ 5,000,000
Total State and Local (If charter school does not provide transportation or other services funded in BEP)		\$ 49,932,197
Prior Year ADM of LEA		10,000
State and Local Per Pupil		\$ 4,993

From Budget

Volunteer Charter School ADM (charter does not provide transportation)	200
State and Local Per Pupil	\$ 4,993
State and Local Funding	\$ 998,644
BEP Capital Outlay Funding (from charter school capital outlay sheet)	\$ 125,000
Total Volunteer Charter Funding	\$ 1,123,644

Use Periods 2, 3, 6, & 7. Weighted 12.5%, 17.5%, 35%, & 35%. Plus new charter grades.

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- (3) Allocations to the charter school may not be reduced by the LEA for administrative, indirect or any other category of cost or charge except as specifically provided in a charter agreement.
- (c)(1) Notwithstanding any provisions of Title 49, Chapter 3, Part 3 or this section to the contrary, the Department of Education shall calculate the amount of state funding required under the BEP for capital outlay as a non-classroom component to be received in a fiscal year by an LEA in which one (1) or more charter schools operate. The department shall reserve from the sum for such LEA the funds that constitute the amount due to charter schools operating in the LEA and shall not distribute such reserved amount to the LEA. The department shall distribute from the reserved amount directly to each charter school its total per pupil share as determined by its average daily membership (ADM). The per pupil share of each charter school shall be based on prior year ADM, except that the per pupil share of any charter school in its first year of operation shall be based on the anticipated enrollment in the charter agreement.

**FY11 BEP Capital Outlay Worksheet for:**  
**Memphis City Schools**  
***SMART (Single Master Academic Readiness Teacher)***

Grade	ADMs	Sqft/ADM	Sqft	Cost/Sqft	Estimated Cost of Construction
K-4	0.0	100	0	\$121.00	\$0
5-8	30.0	110	3,300	\$125.00	412,500
9-12	0.0	130	0	\$123.00	0
Total	30.0		3,300		\$412,500
Equipment				@ 10%	\$41,250
Architect Fees				@ 5%	\$20,625
Total Estimated Cost of Construction					\$474,375
Debt Service Period					20
Debt Service Rate					6.00%
Amortization Cost					\$815,657
Life Expectancy					40
Grand Total Capital Outlay					\$20,391
State Share					46.60%
State Funding					\$10,000

Amount the State is holding in a reserve to pay directly to the charter school.

# Charter Capital Outlay Reserve

- Reserve “shall be used solely for charter school facilities.”
- Department will “reimburse” charters from reserve for the following:
  - Rent
  - Construction
  - Renovation of existing school facility
  - Debt Service on a school facility
  - Purchase of a building or land, provided the charter has immediate plans to build on the land



# Basic Finance Statutory Law

- TCA § 49-13-111(e), All contracts for goods and services in excess of five thousand dollars (\$5,000) shall be bid and must be approved by the governing body of each public charter school.
- TCA § 49-13-111(j), A public charter school is subject to state audit procedures and audit requirements.
- TCA § 49-13-111(l), A public charter school shall be operated on a July 1 to June 30 fiscal year and the governing body shall adopt and operate under an annual budget for such fiscal year. The budget shall be prepared in the same format as that required by the state department of education for LEAs.

# Basic Finance Statutory Law

- TCA § 49-13-111(m), A public charter school shall maintain its accounts and records in accordance with generally accepted accounting principles and in conformance with the uniform chart of accounts and accounting requirements prescribed by the comptroller of the treasury.
- The charter school shall prepare and publish an annual financial report that encompasses all funds. The annual financial report shall include the audited financial statements of the charter school.



# Basic Finance Statutory Law

- TCA § 49-13-111(n), A public charter school shall require any member of the governing body, employee, officer or other authorized person who receives funds, has access to funds, or has authority to make expenditures from funds, to give a surety bond in the form prescribed by TCA § 8-19-101. The cost of such surety bond shall be paid by the charter school and shall be in such amount as determined by the governing body.

# Fiscal Reminders

- Do not send copies of your AFR or budget to the Department of Education, Office of Local Finance.
- All AFR and Budgets shall be submitted to its LEA, e.g., Memphis City or Davidson County.
- Each LEA is responsible for consolidating the Charter Schools' Financials and Budgets and reporting these to the state via E-reporting.
- LEA's have requested and Dept of Ed highly recommends that Charter School AFR's and Budgets be submitted to the LEA by July 15.

# Local Finance Website

<http://state.tn.us/education/support/leasupp.shtml>

The screenshot shows the Tennessee Department of Education's Local Finance website. The header features the TN.GOV logo, the Department of Education name, and Commissioner Dr. Tim Webb. A navigation menu on the left lists various user groups and topics. The main content area is titled 'LEA Support Services' and provides information about governmental accounting, BEP funding, and workshops. It also includes links to 'Disbursement Forms' and 'State Minimum Salary Schedules'. A sidebar on the right contains links to 'Flood Recovery', 'Transparency', 'TDoe Report Card', 'Featured Sites', 'Agency Services', and 'TN.GOV Services'.

**Department of Education**  
Dr. Tim Webb, Commissioner

GOVERNOR  
Phil Bredesen  
[Visit Phil's Web Site](#)

Home » Educators & Administrators »

**LEA Support Services**

The Section of Local Finance provides Local Education Agencies (LEAs) assistance in areas of governmental accounting, budgeting and financial reporting. The Section also ensures LEA compliance with state statutes and Tennessee State Board of Education Rules, Regulations, and Minimum Standards as they relate to education finance.

This section maintains the Basic Education Program (BEP) funding formula. This formula is used to calculate K-12 funds for public schools in Tennessee. Once funding has been calculated, staff distributes funding information to Local Education Agencies (LEAs).

Staff provide periodic workshops on the funding formula to LEAs and provides funding updates at the Spring Fiscal Workshops held by the Office of Local Finance.

Questions regarding ConnectTEN, Salary Equity, and BEP growth funding should be directed to this section.

**Disbursement Forms**

- [June 30 Annual Estimated Accrued Expenditures Form](#)

**QZAB**

- [Application](#)
- [QZAB: Questions & Answers](#)

**State Minimum Salary Schedules**

- [2004-2005](#)
- [2005-2006](#)
- [2006-2007](#)
- [2007-2008](#)
- [2008-2009](#)
- [2009-2010](#)
- [2010-2011](#)

**Related Topics**

- [LEA Operations](#)

**Featured Sites**

- [Log-in Web sites for Administrators](#)

**Agency Services**

- [Public School Directory](#)
- [Teacher Employment](#)
- [Teacher Look-up](#)

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**TN.GOV Services**

- [Renew Driver's License](#)

- What you will find:
  - Internal School Uniform Accounting Policy Manual
  - BEP information
  - System Manual
  - QZAB Information
  - Minimum Salary Schedule
  - Contact Information including Fiscal Consultants